

In the Matter of)
)
Connect America Fund) WC Docket No. 10-90

¹ K.S.A. 66-2005(d).

which each such rate applies, and thereafter rounded to the nearest quarter dollar”² subject to a few provisions not applicable here. Companies which receive high-cost support from the Kansas Universal Service Fund (KUSF) and which elect to maintain a local residential or business rate below the statewide rate have their high-cost support drawn from the KUSF reduced “by an amount equal to the difference between the revenue the company could receive if it elected to increase such rate to the average rate and the revenue received by the company.”³

3. After this Commission established the national rate floor, most Kansas companies’ rates met or exceeded the national rate floor through the July 1, 2016, rate of \$18, with residential rates generally at approximately \$17.00 per month with a KUSF assessment additive of 6.53%, for a total of \$18.11 per month.

4. In December 2016, the KCC issued an order in which it set the Kansas statewide rural telephone rate at \$17.25 per month for residential service, and the KUSF assessment rate at an additional 7.25%, both effective on March 1, 2017.⁴ As a result, many companies in Kansas realized that their Kansas-required rates on March 1, 2017, would still be approximately \$1.50 below the national rate floor required to be in effect on June 1, 2017.

5. Because of this three-month disparity and in order to reduce customer confusion and avoid two residential rate increases within a three-month period of time, many companies in Kansas received permission from the KCC to increase rates to meet both the Kansas statewide rural telephone rate requirement and the national rate floor on March 1, 2017. Kansas law generally requires the KCC to issue an order approving proposed tariff revisions within 30 days of the date the application is filed; as a result, RLECs increasing residential rates on March 1,

² K.S.A. 66-2005(e).

³ Id.

⁴ See *Order Adopting KUSF Assessment and Affordable Local Service Rates* issued January 1, 2017, in KCC Docket No. 17-GIMT-008-GIT.

2017 were required to file proposed tariff revisions with the KCC no later than January 30, 2017 and inform customers of the impending rate increase via a bill message. Now that the June 1, 2017 increase to \$20 was rolled back, a few companies have chosen to move rates back to the Kansas statewide rural telephone company rate (\$17.25 plus the 7.25% KUSF assessment rate) in order to make rates as affordable as possible for their rural, often fixed income, subscribers. Others have chosen to remain at the March 1, 2017 rate in order to lessen customer anger and confusion over constantly changing rates.

6. The Commission now seeks comment on whether changes should be made to the current methodology determining the rate floor or whether the rate floor and its accompanying reporting obligations should be eliminated altogether. As the Commission noted in its May 18, 2017 NPRM, during the establishment of the rate floor the Commission “did not attempt to reconcile how differing state laws and policies affected these local rates.”⁵ The Commission further questioned whether it should “replace the single, national rate floor with state or regional rate floors?”⁶

7. SITA submits that for twenty years Kansas has determined the Kansas equivalent of the rate floor for both residential and business rates and that process has worked well with little customer complaint. As the Commission noted, “states have historically regulated rates for local telephone service,”⁷ and it is “clear that ‘nothing in this [Act] shall be construed to apply, or to give the Commission jurisdiction,’ over rates for ‘telephone exchange service,’ i.e., local service.”⁸ Given this, SITA supports the elimination of the Commission-established national rate floor.

⁵ May 18, 2017 NPRM, para. 3.

⁶ Id., para. 10.

⁷ Id., para. 11.

⁸ Id.

8. Kansas has, since it passed its own Telecommunications Act in 1996 complementing the Federal Act, worked towards implementing the state's public policy, to:

“(a) [e]nsure that ever Kansan will have access to a first class telecommunications infrastructure that provides excellent services at an affordable price;

(b) ensure that consumers throughout the state realize the benefits of competition through increased services and improved telecommunications facilities and infrastructure at reduced rates;

(c) promote consumer access to a full range of telecommunications services, including advanced telecommunications services that are comparable in urban and rural areas throughout the states;

(d) advance the deployment of a statewide telecommunications infrastructure that is capable of supporting applications, such as public safety, telemedicine, services for persons with special needs, distance learning, public library services, access to internet providers and others, and

(e) protect consumers of telecommunications services from fraudulent business practices and practices that are inconsistent with the public interest, convenience and necessity.”⁹

9. Should the Commission continue the national rate floor, it could jeopardize the Kansas public policy. Continuation of the rate floor does not assure that every Kansan will have access to a first class telecommunications infrastructure that provides excellent services at an affordable price, nor does continuation of the rate floor ensure that consumers realize the benefits of increased telecommunications services, facilities, and infrastructure at reduced rates.

⁹ K.S.A. 66-2001.

10. As noted by Chairman Pai in his Statement accompanying the May 18, 2017 NPRM, the median household income in Washington, D.C is over \$75,000 while the median household income in Lyon County, Kansas, is under \$41,000. Disparities such as this are certain to occur throughout the United States yet application of a one-size fits all national rate floor is unjust and contrary to the public interest.

11. SITA also joins with comments submitted by WTA – Advocates for Rural Broadband and NTCA – the Rural Broadband Association. If the Commission cannot entirely eliminate the rate floor, then the Commission should at a minimum implement a rate two deviations below the national urban average.

Respectfully submitted,

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